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DAD/RR
THRU: Acting Ch/C/RR

20 July 1956

Vice Chairman, EDIC

Future Status of EDIC

You have asked me whether, coincident with the reorganization of the economic defense support in ORR, EDIC should remain independent or should become a subcommittee of the EIC. On reflection, I have found that this is a rather complex question. Though the absorption of EDIC by the EIC structure would not seem to provide any material gain in efficiency -- e.g., by eliminating duplication of functions, or by using the same personnel (other than clerical) for both EIC and EDIC activities -- I have no doubt that the ED/C community would benefit from closer contact with the main stream of fundamental economic research relating to the national security. Nevertheless I have concluded that, on balance, EDIC should remain independent. The principal reasons are summarized below.

1. Substantive Reasons:

- a. From the vantage point of economic defense, EDIC consistently views international economic activity as an aspect of grand strategy. This, I believe, is a valuable point of view and should, if possible, be preserved.
- b. Economic defense intelligence is typically operational. Thus timeliness is usually essential, and information is often unusable, or of limited value at best, unless very detailed and specific.
- c. In general, intelligence research within the US Government is not oriented so as to respond quickly or adequately to economic defense needs.
- d. In particular, economic defense intelligence is not exclusively economic, but overlaps substantially with other forms of intelligence -- notably military and scientific.

2. Organizational Reasons

- a. As a mechanism of inter-agency leadership, EDIC enables CIA to have its way or at least to get a hearing for its views within the economic defense community and beyond. It would lose much of this leverage if reduced to an EIC subcommittee.

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SUBJECT: Future Status of EDIC

b. The normal channels to EDAC and to the CPEP (through EDAC) would be disrupted by the interposition of EIC. Although by and large nothing of value would be added, an extra step would be introduced, with consequent delay and inefficiency.

c. It is likely that the Chairman and members of EDIC, as an EIC subcommittee, would be of lower grade, less experience, etc., and would tend to participate with less zeal.


d. It would probably be difficult to maintain the vitality of EDIC working groups if they became subcommittees of a subcommittee of a subcommittee.

3. EDIC Role in Wartime

a. Present planning, as well as operational necessity, calls for an independent and expanded EDIC in time of war. The transition from peacetime to wartime functions will be faster and more effective if, at the outbreak of hostilities, EDIC is already independent in its organization, procedures, and subject matter.

b. If independent, EDIC can do a much better job of planning and preparing for its wartime role. There is a practical opportunity of doing so, now that plans for an Economic Warfare Agency are under active consideration.

c. The differences mentioned above between fundamental economic research and economic defense intelligence, and the affinities of the latter with scientific and military intelligence, will be greatly accentuated in wartime and in planning and preparation for war. Thus EDIC would be hampered in its war planning if largely confined to problems of economic intelligence support.

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